

# INVESTMENT CONNECTION

Community Development Investment & Lending Partnership

FEDERAL RESERVE BANK OF RICHMOND  
Richmond | Baltimore | Charlotte

## Investment Connection Online Proposal

This proposal is one of numerous submissions housed in the applicant portal.  
After reviewing, please visit the portal for more ideas (applicants) and opportunities (funders).

## Maryland Neighborhood Investment Exchange

Primary Contact	Stephanie Geller
Title	Founder & Director
Email Address	<a href="mailto:sgeller@communitywealthbuilders.org">sgeller@communitywealthbuilders.org</a>
Phone	443-242-4110
Name of organization	Community Wealth Builders
Mission statement	<p>Community Wealth Builders foster more equitable, inclusive, sustainable neighborhood economies by promoting and catalyzing community wealth building models and strategies across Baltimore City. The Maryland Neighborhood Exchange (the “Exchange”) aims to fulfill the organizational mission by connecting grassroots investors with local businesses, especially those led by women and people of color in poverty-stricken neighborhoods. Recent changes in federal securities law have opened crowdfunding to grassroots investors, and data suggest the most important new beneficiaries have been companies led by women and people of color. By mobilizing more local businesses and grassroots investors to take advantage of investment crowdfunding, the Exchange will pump participating neighborhoods with more income, wealth, jobs, and successful businesses. While the Exchange will ultimately be available statewide and financially self-sustaining, we are starting the platform in Southwest Baltimore.</p>
Overview of organization	<p>Community Wealth Builders focuses on promoting and catalyzing community wealth building models and strategies in Baltimore City neighborhoods that have experienced historical disinvestment. We were founded in 2013 by Baltimore native, Stephanie Geller, who was frustrated that her home city was not tapping the development approaches with proven track records of reducing poverty, creating quality jobs, and revitalizing distressed economies in cities across the country. We remain the only entity working across Baltimore focused on developing and advancing new tools and models that do more than just create quantifiable jobs; models that empower people and enable all residents to build the assets needed to reach their full potential.</p> <p>Community wealth building is an economic development approach that emphasizes developing and connecting place-based assets, working collaboratively, and fostering community-based economic institutions (e.g., worker-owned businesses). When these elements are combined, they foster</p>

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	<p>an economy intentionally designed to generate shared prosperity; an economy characterized by empowering jobs, vibrant businesses, and broad resident participation. The unrelenting, severe socio-economic challenges facing Baltimore and concentrated in specific neighborhoods underscore the importance of this work.</p> <p>To foster tangible change while building interest in community wealth building among city stakeholders, our work prioritizes:</p> <ol style="list-style-type: none"> <li>1) Thought leadership to generate and advance promising new ideas to build community wealth;</li> <li>2) Education to activate people on the ground around these ideas; and</li> <li>3) Concrete projects designed to build community wealth and nurture an ecosystem supportive of local and minority-owned businesses, especially in neighborhoods that have experienced historical disinvestment.</li> </ol> <p>Reflecting one of our core approaches - collaboration - this project was designed and will be implemented in partnership with Neighborhood Associates Corporation, and has the strong support of the Maryland Governor's Office of Small, Minority &amp; Women Business Affairs. Our fiscal sponsor is the MD Philanthropy Network (previously named Association of Baltimore Area Grantmakers).</p>
Website	<a href="http://www.communitywealthbuilders.org">www.communitywealthbuilders.org</a>
State where proposal is located	Maryland
Proposal title	<b>Maryland Neighborhood Investment Exchange</b>
Support request	<ul style="list-style-type: none"> <li>▪ Investment/Grant</li> </ul>
Requested amount	\$159,600
Other significant partners in the proposal	<p>Neighborhood Associates Corporation, Southwest Partnership- a lead partner in the pilot focused on SW Baltimore, Maryland Governor's Office of Small, Minority &amp; Women Business Affairs, MD Philanthropy Network (previously named Association of Baltimore Area Grantmakers)- fiscal sponsor</p>
Proposal narrative	<p>We are seeking support to launch the Exchange. Specifically, capital provided will enable us to build our website, populate it with tools for participating local businesses and investors, test marketing materials and revenue-generation activities, and pilot the Exchange in Southwest Baltimore, a neighborhood where the capital market failure has been extreme.</p> <p>The Exchange prepares companies and investors in distressed neighborhoods for crowdfunding. We educate companies and investors about crowdfunding, introduce them to each other, and mobilize both for successful campaigns on federal crowdfunding sites. The Exchange's website will feature descriptions of companies being primed for crowdfunding and lists of companies with active campaigns. The Exchange will also offer a range of educational resources.</p>

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	<p>Our pilot will focus on SW Baltimore, a neighborhood long neglected by the city and investors. Part of the neighborhood is an Opportunity Zone, where development dollars are expected to pour in. The Exchange will create ways that residents can share in emerging investment opportunities, and businesses both inside and outside of the zone can access the capital they need to grow. By meeting with a range of partners, we will identify promising businesses, and prepare and then on-board them to the Exchange. We also will provide residents with the tools they need to invest wisely. Our goal is to identify at least 3 businesses with solid expansion plans and get them fully funded through neighborhood investors. This will then be repeated in other city neighborhoods and then across Maryland.</p> <p>Ultimately, the Exchange will finance itself through four revenue streams: Businesses seeking to be Top Candidates will pay a small monthly fee to be listed and get exposure to investors. Businesses also can get an in-depth evaluation of their strengths and weaknesses for potential crowdfunding offerings for a fee. Partners working with businesses, such as incubators, who wish to launch their capital raising plans on our site, can pay for access to our investors. And crowdfunding portals will pay us finders fees for companies we refer for crowdfunding campaigns.</p> <p>Once fully deployed, the Exchange could pump tens of millions of dollars into local businesses, which will increase the likelihood of companies staying, succeeding, and growing in distressed communities in Maryland.</p>
Issues addressed	<ul style="list-style-type: none"> <li>▪ Small Business Development / Microlending</li> </ul>
Geographic impact	State-wide
Population served	<p>Our pilot focuses on SW Baltimore, a distressed, low-income area that includes 7 specific neighborhoods: Barre Circle, Franklin Square, Hollins Roundhouse, Mount Clare, Pigtown, Poppleton, and Union Square. The Exchange will ultimately serve all of Maryland, but will focus on minority-owned business enterprises in Baltimore City.</p>
Population income	<p>With a focus on connecting minority-owned businesses in distressed areas to new growth capital, this project is designed to serve entities often denied access to traditional investment vehicles. The neighborhoods within our pilot community have median family incomes well below the greater Baltimore region's \$87,778 ranging from roughly \$17,000 to \$38,850.</p>
Anticipated outcomes/impact	<p>Investment crowdfunding allows people to invest directly in local businesses, a process that used to be difficult and expensive. Recent changes in federal securities law now allow every adult to invest up to \$2,000 per company per year. Local businesses can raise up to \$1 million annually through more than 30 online portals. Most people, though, aren't taking advantage of this due to lack of awareness, especially people in distressed communities. By correcting this, the Exchange promises to pump tens of millions of dollars each year into local businesses, increasing the likelihood of companies staying, succeeding, and growing the economy. By focusing initially on women-led and minority-owned enterprises in distressed communities in Baltimore, we expect these</p>

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	<p>benefits to accrue to the communities most in need of them. Our goal is to get 3-5 businesses fully funded during the pilot in SW Baltimore.</p> <p>Once the Exchange expands, we expect our impact to include:</p> <ul style="list-style-type: none"> <li>▪ With mobilized grassroots investors, it is more likely that local businesses, particularly minority business enterprises (MBEs), will get funded. Early stage businesses will likely remain in MD, translating to local jobs and tax revenues.</li> <li>▪ MBEs unable to find capital from conventional sources will have a viable option.</li> <li>▪ MBEs that successfully raise capital through grassroots investing and then do well will become better bets for future financing from more mainstream sources.</li> <li>▪ MBEs that raise capital on the Exchange also will gain exposure to new potential customers, which will further help these businesses to grow.</li> <li>▪ Success of the Exchange will motivate other states to set up similar initiatives, magnifying the impacts above.</li> <li>▪ Special efforts will be made to study the capital needs of MBEs in Baltimore and MD, and to test new ways of motivating grassroots investors to put capital into these companies. These data will be valuable for future efforts to stimulate local investing in MBEs.</li> </ul>
<p>Evaluation methods used to measure success</p>	<p>The following questions will be the key criteria by which we will evaluate the success of the Exchange:</p> <ul style="list-style-type: none"> <li>▪ Has the Exchange recruited promising MBEs?</li> <li>▪ Has the Exchange recruited a significant number of MD residents to invest in MBEs?</li> <li>▪ Has the Exchange created a significant number of jobs for MD?</li> <li>▪ Has the Exchange achieved, or come close to achieving, financial self-sufficiency?</li> <li>▪ As national data exist quantifying the average successful raise per company, the average investment per investor, and the average number of direct jobs created per company, we will also track these metrics so we can compare our experience.</li> </ul>
<p>Project timeframe. Is your request for an existing or new program?</p>	<p>New Program</p>